



THE STATE OF THE COMMUNITY

February 14, 2003

Address by Mayor Neil G. Giuliano

Thank you Madam President (of the Tempe Chamber), members of the City Council, members of the Chamber, colleagues, and friends.

Thank you for giving me the opportunity to present this address today. It is important, now more than ever, to reflect on our past accomplishments as we look forward to the challenges ahead. But this is not the time for a casual chat. We are here to talk about the choices that we will face for a changing community in an uncertain world.

For the times in which we live are strenuous and will prove even more difficult as the nation draws closer to a military solution with Iraq. The potential loss of American lives on foreign soil weighs heavily on the forefront our minds, and yet that does not release us from our duty here at home. And as we pray for swift remedies abroad, we must also plan for what may befall our community here at home.

Let me assure you that we have prepared and that we are prepared to respond in the event of any emergency from any adversary. The men and women in Tempe who are the first responders in the event of a threat to our safety and freedom are trained and ready to serve.

More likely to befall us, however, are continued fiscal challenges due to an unsure national economy that waivers from threats of continued conflict.

As a result of these difficult times, Tempe like our nation, stands at yet another great crossroad, and in finding ourselves at this place and this time in history, it would be easy to just sit back, watch and wait. But of course we will not do so.

In fact, as we prepare to embark on one of the most aggressive agendas for action in Tempe's modern history, I am pleased to report that the state of our community is strong and advancing.

Our continued strength and advancement, however, is dependent upon each of us embracing a new understanding of our community and the actions we will now take to reposition Tempe as more creative and more competitive. Actions now, that will slingshot us into the future and a strengthened economy, and actions now that will further improve our quality of life.

We will prioritize and refocus on the things that we do well and do them even better.

Specifically, we will engage in four areas of action:

- 1) We will continue to cut costs and streamline the city organization.
- 2) We will further shift our focus from development to redevelopment by meeting market demands for added residential density in our downtown, making further investments in our neighborhoods, and invigorating the retail base that we have already created.
- 3) We will redefine our destination status for events, conferences and athletic competition.
- 4) And we will create new partnerships with ASU to better connect the university and its main campus with the greater Tempe community.

To accomplish these goals, together we must come to a new understanding -a new understanding of our work, a new understanding of the social and economic forces affecting our world, and ultimately a new understanding of Tempe as a quality and sustainable urban community within that world.

We have already accomplished much of our first goal by changing the way we do business as a city. In response to lower revenues caused by the general decline in consumer spending and added competition from retail centers neighboring our borders, we have downsized our workforce, streamlined operations, and reduced capital improvement expenditures.

The good news is that as a result of conservative fiscal planning and the build up of rainy day reserves, we will maintain the high level of city services that residents enjoy and expect. Instead of cutting services Tempeans rely on, with council direction, management has reduced the workforce by 133 positions through an incentivised retirement program and an extended hiring freeze for all staff except our public safety personnel. Further, we will continue the hiring freeze until we have reduced the city workforce by another 20 positions. To provide additional long-term savings, the city council will consider reductions to the capital improvement program over the next several months.

Your local government has been forced to make some tough decisions, and the level of care, sensitivity, and teamwork by which these decisions were reached by our management team requires our recognition. All together, over \$13 million has been cut to secure Tempe's financial future.

As you are aware, no city is immune to the overriding economic forces of our nation. In fact, we will face even greater challenges should our state suffer a prolonged budgetary crisis. And should the state pass on its burden to cities by reducing or eliminating state-shared revenues, we will be forced to make additional reductions which at that point would for the first time include areas of public safety.

It is up to all of us to make sure that our legislators and the governor realize the full impact of their actions. It appears that for now they have truly listened, and we appreciate

their support. It remains up to us to demonstrate our case and protect the vital resources which fund the services our officers and firefighters provide, and it is especially important in these times of heightened hometown security and our reliance upon local front line responders. Together, it is up to us to make our voices heard.

Now as I move to our second area of action, a bit of historical perspective will help us determine why a new understanding is required to continue our advancement as a community.

Ten years ago, Tempe had room to grow and land to develop. And through the years as people came, we did grow, and we did develop. We built roads, homes, transportation systems, new parks and community service centers. And we improved neighborhood streets and added resident services. We also attracted and gathered the highest concentration of technology firms in the state through the tech oasis. And we developed commercial and retail centers along Elliot and Warner roads and on major arterial intersections. And of course, we continued to redevelop our downtown and transform the Rio Salado into an award-winning destination and landmark.

Why? Because there is no such thing as staying the same. Every great city and community in the world has continued to evolve, advance, and improve.

For example, we grew our sales tax base from \$2.1 million in December of 1992 to over \$7.4 million this last December. Within our downtown, sales tax dollars increased by a total of 238% over the same period. Accordingly, our investment in neighborhood and community services such as streets, sanitation and library operations also increased. Our investment in these services increased from just over \$19 million to almost \$23 million in the last bi-annual budget alone.

Tempe neighborhoods are healthy, strong, home values are higher than ever, and our schools are flourishing. Over the past five years, the Tempe and Kyrene elementary districts increased by a total of 1,451 students, while Tempe Union High School District grew by a dramatic 2,389 students. Obviously, Tempe is a good place for families.

Indeed, we accomplished a great deal when the economy seemed to be without bounds. This city undertook responsible growth in service of the needs of our residents. But the time of growth as we previously understood it is over. Tempe is landlocked. There is no place to expand, and we must respond accordingly. We grew out, and now Tempe must grow up; carefully, consciously, and within the values we hold as a great community.

Tempe has already become a model urban city. But as we look to the last parcels of in-fill and redevelopment of our older areas, we must work harder and find new ways to become more creative and competitive than when we had room to grow.

I will convene a meeting within the next month of all private sector people with proposed residential projects in downtown and/or along Apache Boulevard to find out when their

projects are likely to happen. Their reality is our reality as we look at future city services for new residents.

To facilitate this process, I have already asked for and the council has approved the creation of a new redevelopment commission for all proposed projects within downtown, Rio Salado, and the Apache Boulevard corridor. The redevelopment review commission combines the responsibilities of four commissions, including design review, planning and zoning, parks and recreation and Rio Salado. This new commission will provide a streamlined process for applicants who will now be reviewed by only one commission. In the years to come, this model may even work for the entire community. The new understanding is to accept that all of these functional areas are so intertwined that we can reduce time, human effort, and dollars by combining them and thereby providing a greater focus of success.

Through a simplified development process in Tempe, we will see the quicker realization of the important projects needed to build the commercial and residential density that will support both current retailers and new retailers to come. Specifically, we will work with private sector partners within the Rio Salado and Apache Boulevard project areas to develop:

- More than 2000 residential units around Town Lake and within downtown
- 600,000 square feet of commercial and retail space at the proposed Cross Point Center on southwest quadrant of the 101/202 interchange
- Another 800,000 square feet of mixed use development on the north shore of Town Lake
- The second and third phases of the Hayden Ferry Lakeside high rise projects on the south shore
- Hayden Ferry South which will combine the historic flour mill with new mixed uses
- And the New School For The Arts middle school expansion and new Pappas School along Apache Boulevard to join the very successful New School For The Arts high school

The redevelopment review commission is only the first step to a greater rewrite of our zoning ordinance. We will examine sign restrictions on private businesses and retail centers, especially those with second floor businesses. And we will refocus on customer service through a new project manager system that gives a voice to applicants throughout the development process.

Unlike the past, we are now competing with newer areas that continue to grow outside our borders. People have more choices than ever before. We must market ourselves and create a climate to attract new businesses while retaining current tenants, or more and more Tempeans will shop and seek services from our neighboring communities.

Downtown is a perfect example of what we need to do throughout the rest of Tempe. As I mentioned, sales tax revenues have risen tremendously over the last ten years and continue to rise in this sluggish national economy by 20% when compared to last year.

These figures continue to rise because of our constant commitment to reinventing our downtown and Mill Avenue especially. In partnership, with The Downtown Tempe Community, we reduced traffic to two lanes, choosing a downtown that people drive to, not drive through. We have expedited new sidewalk cafes to create a friendlier outdoor atmosphere. As a result, we have seen more shoppers enjoying lunch or dinner along Mill Avenue or strolling by after work and on weekends.

Whether we're shifting the focus of the services provided, adding to the kinds of uses within developments, or completely redeveloping, repositioning other areas of Tempe will create successes similar to those enjoyed by our downtown.

I created a tourism and economic development committee of the city council dedicated to developing and implementing strategies toward this goal. And the city has added a retail specialist that is already working to revitalize aging retail centers across our community and attract new tenants where vacancies currently exist. For example, Tempe will host the first retail space showcase in March to market the real estate options available to potential tenants and developers. With this addition of dedicated resources, we will grow even further the sales tax base upon which we rely to provide one of the highest levels of city service at one of the lowest prices in the Valley.

In addition to the improvement efforts Tempe has undertaken on behalf of commercial reinvestment, we will continue to invest in our neighborhoods. Recently, the city partnered with Maricopa County to create a new slum task force to address the properties that pose a health and safety hazard to residents. Property owners maintaining such properties will be forced to meet minimum housing standards and all applicable city and county codes. This new program is in addition to the new party house and rental ordinances enacted by the city council this past year to further strengthen our neighborhoods.

The shift from development to redevelopment and from sprawl to urban renewal also brings with it new transportation challenges for both Tempe and our region. On the horizon lies another issue that we must address –the extension of the half-cent sales tax to pay for our regional highways and transportation systems for the next twenty years.

For months mayors from across Maricopa county, business leaders, and legislators have collaborated to put forth the regional plan that will provide for new freeways, improvements to major arterials, expanded bus services, and the light rail project, which just recently received the record of decision and “highly recommended” rating required for the full funding agreement from the federal government. Whether you have been a supporter of light rail or not, the fact is our voters have supported the advancement of this mode of transportation and it is our job to make it happen and make it successful.

Soon we will all be asked whether to make the commitment to pay for these regional improvements that will connect this valley's growing population. And we must answer

resoundingly that we will not put off our duty today for future generations to shoulder tomorrow. We must say yes, and we will.

Our third area of action brings me to our destination status. For many years Tempe has been the premiere destination for events in the valley, and we will continue to receive that recognition though it will be earned by alternate means. The reality that forces our new understanding is clear. The valley isn't a little place anymore. Other communities are growing at rates like Tempe enjoyed 20 years ago. People came to Tempe for years and years because as we grew we created a downtown first. Others now have their own centers for entertainment, as they should.

So what must we do? We must re-create, redefine, and work even harder to secure a new role as the leader in amateur athletics, special events, smaller conventions and conferences, and professional sports, although not the big 4. We will seek to partner with a new bowl game such as the Insight Bowl and provide a collegiate environment for that collegiate product. We will attract annual tournaments, events, and competitions that promote and utilize the unique facilities at Town Lake and Tempe Beach Park such as the Rock N' Roll Marathon, the new Tempe Music Festival and the pro-beach volleyball tour stop to begin this year. And we will enhance the great tradition of events from the annual Fiesta Bowl New Years Eve Block Party to the Fourth of July Celebration with new ideas and new partners.

These, however, are joint ventures that the city can not and should not undertake alone. Our success will be dependent upon the participation of our private sector partners and support from their advocates as well.

Next month, I will be asking for community representatives from the Chamber, the Downtown Tempe Community, the Convention and Visitors Bureau, and the Tempe Sports Authority among others to serve on a new tourism and destination task force. Together, we will build new traditions and define a new era for Tempe's destination status. We were successful doing so in the past, and we will succeed again.

We are already working to develop new recreational facilities within Rio Salado including tournament size tennis and soccer complexes and an ASU conference hotel with functional space to support tournament participants. And we will review options to transform our Rolling Hills golf course into a championship one, all to help create a comprehensive amateur-athletics destination, while maintaining our access commitment to Tempeans.

To this date the Rio Salado project continues to grow while maintaining an \$8 million reserve fund. This amenity does not come at the expense of city services, it compliments them. In this coming year, we will continue to develop the cultural and recreational public spaces planned for the community such as:

- The splash playground which opened last may and had thousands of visitors in just a few months

- The voter-approved performing visual and arts center set to break ground this spring
- The Town Lake marina currently under construction
- The natural habitat areas at each end of Town Lake, soon under contract by the Army Corp of Engineers
- The boat house on the north shore soon to be under design
- The pedestrian bridge connecting the north bank park with the arts center and sculpture garden also soon to be under design
- And of course, the completion of the greater linear park system, which spans the entire lake's shores.

All of this will happen with numerous partners and one new understanding. The Rio Salado Town Lake Foundation is still in the early stages of a \$30 million capital campaign to further enhance and create what is now the Valley's Central Park; the public space most visited by people from all over the region. We will continue to advance. And together these projects will provide opportunities for residents, students, employees, and visitors alike to enjoy concerts, theatrical performances, open spaces, recreational amenities, and large public events. These projects will also add to the new understanding of our destination status by enhancing Tempe's music scene and nightlife and by creating an eclectic culture based on diversity and public interaction.

Finally, and possibly our most important goal, is a renewed partnership with ASU. In addition to the public projects and private developments that we will create, Tempe will do all we can to join with Arizona State University.

The student population is already more than 50,000 strong, and it will continue to grow. To meet the increased demands for transportation, housing, and related services that will result, we will shift from a traditional "town and gown" community where the town is separated from the gown. We will become the hub of a regional university system in which the university and community are intricately intertwined and involved with each other.

The arrival of Arizona State University's new president, Michael Crow, marks this new era of cooperation and a new understanding of our unique relationship. ASU will advance the new bio design facilities and new research infrastructures, develop the great university gateway at the Town Center on Mill and University, and see the completion of new student housing near Apache Boulevard.

We will support ASU in efforts to create new research facilities on the east end of campus, which in turn will bring more technology firms, new industries, and good jobs. Planned in coordination with the new light rail line, these facilities will connect Tempe with the biomedical collaborative planned for downtown Phoenix and connect our region as a world leader in genomics and biotechnology research.

When you step back, you see that a new understanding is ultimately designed to do one thing for Tempe –advance the quality of our community through people and the way in which we live, work, and play.

By reprioritizing and dedicating ourselves to these four areas of action, we will create a new renaissance in urban living. We will provide residents and visitors with an even stronger community for arts, recreation, education, research, industry, housing and diversity—all in a safe place we call Tempe.

We will undertake these efforts because people, not companies, have become the drivers of regional economies. We want to attract that new generation of worker who is young, educated, and looking to be placed within a community not just a company. We are no longer competing for new businesses and corporate headquarters themselves, but for the people who make up the corporation and the entrepreneurs who will start new businesses in Tempe.

The knowledge-based corporations of today and tomorrow are in need of people to survive, and they must locate in a community that is capable of providing and maintaining just such a talent pool.

We are that community. Combine our urban livability with one of the nation's largest universities, and you already have a constant flow of creative young professionals from which companies can draw. This has always been Tempe's strength and it is exactly what we need to build on to maintain our success in this region.

If the amenities and infrastructure are present, and the climate and culture is right, creative people, good jobs and new industries will come.

Amidst our changing world, however, one thing will remain constant. Tempe will always be a unique, marvelous, and unparalleled community within the valley. It is the creative will, inspiration, and diversity of Tempeans which has allowed this community to prosper and lead during times of change.

Each era of our past has born out of it a greater prosperity and quality of life than that which came before. And with a new understanding, we will do so again. Robert Browning put it best, "Ah but a man's reach must exceed his grasp, or what's a heaven for?"

And so we will go forth with renewed purpose and unmatched potential to lead our region as Arizona's premiere urban community.

Thank you.